

In re)	Chapter 11
ARMSTRONG WORLD INDUSTRIES, INC.,)	Case No. 00-4471 (JKF)
et al.,)	
)	(Jointly Administered)
)	
Debtors)	

WHEREAS Armstrong World Industries, Inc. ("AWI"), as a debtor and debtor in possession in the above-captioned chapter 11 cases, and the United States on behalf of the U.S. Environmental Protection Agency have executed a Settlement Agreement dated January 25, 2005 (the "EPA Settlement Agreement"), to resolve certain disputes relating to environmental matters as provided in the EPA Settlement Agreement; and

WHEREAS on April 29, 2005, Liberty Mutual Insurance Company ("Liberty Mutual") filed an objection to the Motion on various grounds; and

WHEREAS the United States acknowledges that it has not been assigned any right to make a claim against Liberty Mutual as an insurer of AWI with respect to the Peterson/Puritan Site;

1. Solely with respect to any claim for coverage (including, without limitation, any claim for defense and/or indemnity) by AWI or the United States (including, without limitation, the United States Environmental Protection Agency), or any of their respective

successors or assigns relating to or arising under any contract of insurance issued by Liberty Mutual to AWI:

(a) with respect to each of the "Liquidated Sites" identified in the EPA Settlement Agreement and referenced in the Joint Motion, the geographic area of each such Liquidated Site shall be deemed to be only the area with respect to which the United States Environmental Protection Agency had identified AWI as a potentially responsible party as of April 8, 2005 (the date on which the Joint Motion requesting Court approval of the EPA Settlement Agreement was filed with this Court); and

(b) the designation of certain sites as "Insurance Sites" in the EPA Settlement Agreement and references to the same in the Joint Motion does not itself effect or imply any assignment of any insurance rights by AWI to the United States with respect to any such site or itself constitute a judicial determination by this Court or admission by Liberty Mutual concerning the existence of or lack of insurance coverage under any contract of insurance to which Liberty Mutual is a party.

2. Notwithstanding paragraph 1 herein, nothing in this Stipulation shall be construed to narrow the scope of the covenant not to sue provided by the United States to AWI in the Settlement Agreement, or to limit any rights (other than as expressly stated herein) which AWI may have against Liberty Mutual.

3. Within ten (10) days of approval of this Stipulation by the Bankruptcy Court (the "Bankruptcy Court Order") or, if the Bankruptcy Court Order is appealed, upon final order of any appellate court approving this Stipulation, Liberty Mutual agrees to withdraw the Objection and to refrain from asserting any further objections to the Motion or the EPA Settlement, provided, however, that if the Motion or EPA Settlement Agreement is amended or modified in any manner that affects Liberty Mutual, then Liberty Mutual shall have the right to file objections to any such amendment or modification.

4. AWI shall seek approval of this Stipulation upon proper notice of this Stipulation to all interested parties.

5. This Stipulation shall be rendered void upon the issuance of an order by any court, which order is not subject to any further appeal, that has the effect of denying approval of this Stipulation or the EPA Settlement Agreement.

6. This Stipulation may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument, and it shall constitute sufficient proof of this Stipulation to present any copy, copies or facsimiles signed by the Parties hereto.

Agreed as of the 25th day of August, 2005:

Armstrong World Industries, Inc.

By: David B. Hird

Name: David B. Hird

Title: Attorney

Liberty Mutual Insurance Company

By: _____

Name: _____

Title: _____

United States on behalf of the United States Environmental Protection Agency

By: _____

Name: _____

Title: _____

6. This Stipulation may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument, and it shall constitute sufficient proof of this Stipulation to present any copy, copies or facsimiles signed by the Parties hereto.

Agreed as of the 25th day of August, 2005:

Armstrong World Industries, Inc.

By: _____

Name: _____

Title: _____

Liberty Mutual Insurance Company

By: _____

Name: Philip A. O'Connell, Jr.

Title: Attorney at Record

United States on behalf of the United States Environmental Protection Agency

By: _____

Name: _____

Title: _____

6. This Stipulation may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument, and it shall constitute sufficient proof of this Stipulation to present any copy, copies or facsimiles signed by the Parties hereto.

Agreed as of the 25th day of August, 2005:

Armstrong World Industries, Inc.

By: _____

Name: _____

Title: _____

Liberty Mutual Insurance Company

By: _____

Name: _____

Title: _____

United States on behalf of the United States Environmental Protection Agency

By: David E. Street

Name: David E. Street

Title: Senior Attorney